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Exporter Guide

Annual Report

Approved By:

Ron Verdonk - Agricultural Minister Counselor

Prepared By:

Gilad Shachar and Mariano J. Beillard

Report Highlights:

This report provides updated information for U.S. exporters of food and agricultural products to Israel. The report highlights best prospects for consumer-oriented food products.

According to the Bank of Israel, Israel's Gross domestic product (GDP) is projected to grow by 3.6 percent in 2013 and by 3.4 percent in 2014. According to the International Monetary Fund (IMF), Israel's economy is strong and stable, and the Israeli economy's growth will likely outpace all other Western economies throughout the entire two years. Imports of U.S. food and agricultural products at \$594 million were down 22 percent in 2012 largely due to competitive Black Sea wheat and corn. Israel's Customs Authority reports that the country imported \$5.3 billion in food and agricultural products in 2012, of which 44 percent are levied duties of 20 percent or less. Food imports account for 7 percent of Israel's total imports.

Post:

Tel Aviv

Disclaimer:

This report was prepared by the Foreign Agricultural Service in Tel Aviv for exporters of U.S. food and agricultural products, as well as U.S. regulatory agencies. While care was taken in the preparation of this report, information provided may not be completely accurate either because policies have changed since its preparation, or because clear and consistent information about these policies is unavailable. It is highly recommended that U.S. exporters verify the full set of certificate requirements with their foreign customers prior to the shipment of goods. Final import approval of any product is subject to the importing country's rules and regulations.

SECTION I: MARKET OVERVIEW

Economic and Demographic Situation

Israel is a parliamentary democracy of 7.7 million people (July 2013 est.): 76 percent of whom are Jewish (5.8 million) and 20 percent are Arabs (mainly Muslim). Population growth is 1.5 percent (July 2013).

Israel is a sophisticated, industrialized country with a diversified manufacturing base. The global economy's weakness and economic malaise in the European Union (EU), Israel's main export market is contributing to an Israeli slowdown. The EU and the United States account for one-third and one-quarter of Israel's trade activity, respectively. Concern about the economy, not fears of conflict with Iran or the Palestinians, is the top priority for 43 percent of Israelis in 2013. The perennial political issue remains achieving a lasting peace agreement (that recognizes Israel's right to exist) with the Palestinians and Arab countries.

The country's 120-member Knesset (parliament) is a unicameral legislature. Prime Minister Benjamin Netanyahu (Likud party) won the January 22, 2013, elections, but the unexpected surge of support for Yesh Atid (a new centrist party) has limited his coalition forming maneuvering room. In control of 59 Knesset seats, the center-left is hampering Netanyahu's ability to deliver on his party's policy priorities.

The Likud-led government faces a challenging year in terms of ensuring security and economic growth. Israel needs to address public discontent about growing income inequality at a time when it has to make painful spending cuts needed to tackle its huge budget deficit. All ministerial budgets are facing cuts. Although the economy has stabilized, Israel's export dependent economy continues to be at the mercy of a sluggish U.S. economic recovery and a weak EU economy. Israel's economic ties outside of the Middle East however have made it immune to the Arab Spring's more deleterious effects.

On September 27, 2013, Standard & Poor's (S&P) reaffirmed Israel's credit rating of A+ with a stable outlook. The announcement came in the wake of S&P's annual visit with Israel's Minister of Finance and other senior public and private sector leaders. Standard & Poor's favorable rating highlights the diversification and strength of the Israeli economy. It also takes into account the positive impact of burgeoning offshore natural gas production on the country's current account balance. Geopolitical risk along with government spending, albeit improving, is concerning.

The Bank of Israel is forecasting inflation through the third quarter of 2014 to come in around 1.9 percent. The bank plans to maintain its current interest rate of 1 percent through mid-2014, increasing it to 1.25 percent by year's end. Israel's gross domestic product (GDP) is estimated to grow by 3.6 percent in 2013 and forecast to grow by 3.4 percent in 2014 as the rate of public consumption growth moderates. Propping up GDP growth by almost 1 percent is production from the Tamar natural gas fields. The 2014 deficit is widely expected to reach 3 percent of GDP.

Table 1: Main Economic Indicators, Israel, Expenditure of GDP (Percentage)

	2012	2013	2014
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	Actual	Estimation	Forecast
Nominal GDP (\$ billions)	257.6	287.2	316.0
Real GDP Growth	3.4	3.6	3.4
Consumer Price Inflation	1.6	2.0	2.4
Imports of Goods and Services (\$ billions FOB)	72	67	67
Private Consumption (% real change)	3.2	3.3	3.2
Public Sector Consumption (% real change)	3.0	2.6	2.2
Exports of Goods and Services (\$ billions FOB)	62	61	65
Unemployment Rate	6.8	6.8	6.7
Short-term Interest Rate	2.1	1	1.25

Sources: Bank of Israel, Central Intelligence Agency, and Economist Intelligence Unit.

Israel's Market Characteristics

Israel is a technologically advanced market-oriented economy. Consumers are sophisticated and have multiethnic food tastes. Despite recent popular protests over food prices and high living costs, Israelis remain willing to pay for what they want.

Israel's limited land and water resources preclude a high level of agricultural self-sufficiency, consequently influencing local production costs and consumer prices. The country posts sizeable trade deficits in food and agricultural products as well as other commodities. Israel partially covers its trade deficit with tourism and other service exports. Economically and politically entrenched in the West, Israel benefits from significant investment inflows.

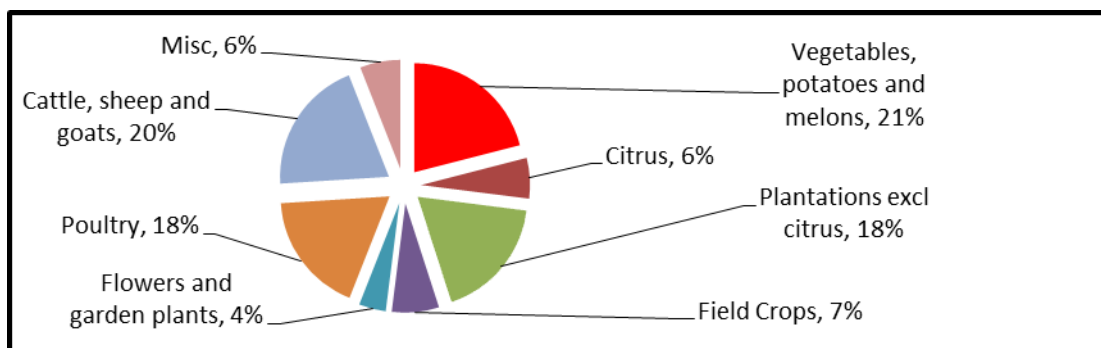
Israel's Food and Agricultural Production

Its small, but dynamic agricultural sector accounts for \$7.2 billion or 2.5 percent of the national GDP. Agriculture employs 72,000 people, or 2 percent of the national labor force. The country hosts some 200,000 foreign (mainly Thai) guest workers, of which about 10 percent work in the agricultural sector. Despite its small footprint, agriculture accounts for 57 percent of Israel's total water consumption. Some 380,000 hectares, or 17 percent of Israel's land area, are agricultural lands. Cultivated lands account for 290,000 hectares with the balance in pasture.

Israel enjoys a mild climate that permits year-round cropping. Horticulture and flower cultivation account for half of local agricultural production. Citrus cultivation continues to expand; wheat and cotton production remain profitable. Agricultural supports facilitate Israel's self-sufficiency in milk, poultry, and table eggs production.

In 2012, crop production accounted for 60 percent of total output value with livestock products contributing the remaining 40 percent. Israeli agriculture benefits from significant investment in research and development, routinely exceeding the Organization for Economic Cooperation and Development (OECD) average. Research and development expenditures since 2004 account for about 17 percent of the budgetary allocation for agriculture.

Chart 1: Agricultural Output Value, Market Share, by Sector, CY 2012



Source: Central Bureau of Statistics, Israel.

The Israeli state, unlike the case of most other OECD economies, continues to retain title to most of the country's land and water resources. An added unique characteristic of Israeli agriculture is the dominance of cooperative communities (i.e., the kibbutz and moshav) that account for 80 percent of farm output.

Israel's Imports of Food and Agricultural Products

Israel's reported food and agricultural product imports at \$5.3 billion in 2012 were down 4 percent compared to 2011. Food and agricultural product imports account for about 8 percent of Israel's total import bill. FAS Tel Aviv attributes the slowdown in imports to economic growth slowing to 3.3 percent in 2012, down from the previous year's level of 4.8 percent. U.S. food and agricultural product exports to Israel in 2012 at \$628 million were down by \$246.7 million or 28 percent compared to the previous year. The drop in U.S.-origin imports was due to drought- induced decreased availability of U.S. grain export stocks (mainly feed corn), as well as an uptick in grain imports from Black Sea basin countries experiencing good harvests. Imports of food and agricultural products from the EU in 2012 totaled \$2 billion, a 5.3 percent increase compared to the previous year.

Israel reports importing significant amounts of the following food and agricultural products (cost-insurance-freight – CIF) in 2012: cereals (HS 10 - \$1 billion); beef and edible beef offal (HS 02 - \$450 million); oilseeds (HS 12- \$400 million); sugar and sugar confectionery (HS 17- \$400 million); miscellaneous edible preparations (HS 21 - \$290 million); fish (HS 03- \$267 million); edible fruits and nuts (HS 08- \$200 million); beverage and alcoholic drinks (HS 22 - \$183 million); and live animals (HS 01- \$127 million). Imports of cereals and sugar represent 90 percent of domestic use for these commodities; imported beef accounts for over 50 percent of local consumption. We attribute the discrepancy between USDA/FAS's BICO free-on-board (FOB) values and Israel's Central Bureau of Statistics CIF reported values to cargo being offloaded in third countries (e.g., Italy, France, Greece, Turkey while in route to the final discharge port in Israel.

Table 2: Israel, U.S.-Origin Commodity Exports (\$ millions)

Product	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Aug.	Jan-Aug	%
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	2010	2011	2012	2012	2013	Change
Bulk Total	302.9	419.4	184.7	124.3	85.8	-31.0
Wheat	60.6	146.8	73.3	47.5	39.2	-17.5
Corn	82.7	158.6	7.1	7.1	0.0	-99.6
Coarse Grains (ex. corn)	16.6	11.8	0.0	0.0	0.0	---
Rice	44.9	21.6	16.7	12.9	9.1	-29.8
Soybeans	91.0	73.8	77.9	49.2	32.2	-34.5
Oilseeds (ex. soybeans)	4.3	4.1	3.3	2.2	3.1	40.5
Cotton	0.1	0.1	1.9	1.9	0.1	-94.8
Tobacco	0.7	0.0	0.4	0.4	0.0	---
Pulses	0.6	0.9	3.2	2.6	1.0	-59.5
Other Bulk Commodities	1.3	1.6	0.9	0.5	1.0	100.8
Intermediate Total	116.3	186.1	209.2	104.8	157.9	50.6
Soybean Meal	20.9	38.7	58.2	26.4	37.0	40.4
Soybean Oil	3.0	3.2	0.0	0.0	0.0	---
Veg. Oils (ex. soybean)	7.7	7.6	10.2	6.0	9.0	50.4
Feeds & Fodders	33.4	55.2	57.4	30.3	36.8	21.2
Live Animals	0.7	0.6	0.5	0.3	0.2	-39.8
Hides & Skins	1.1	1.5	1.2	0.8	0.8	-1.6
Hay	0.1	0.2	0.1	0.1	0.1	-3.0
Distillers Grains	27.5	53.5	51.5	20.5	32.0	56.2
Feeds & Fodders NESOI	33.4	55.2	57.4	30.3	36.8	21.2
Animal Fats	0.9	0.0	0.0	0.0	0.1	63.5
Planting Seeds	4.9	4.5	5.6	2.9	4.4	52.7
Sugar, Sweeteners, Bev Bases	3.3	4.2	2.9	2.5	21.8	787.0
Other	12.7	16.9	21.6	15.1	15.9	5.2
Consumer Oriented Total	227.0	269.4	234.3	145.9	154.4	5.8
Beef & Beef Products	0.7	0.9	0.6	0.5	0.4	-13.9
Pork & Pork Products	0.3	0.7	0.1	0.0	0.2	627.3
Poultry Meat	0.5	0.9	1.2	0.9	0.9	6.9
Meat Products NESOI	0.3	0.1	0.0	0.0	0.0	---
Dairy Products	23.5	31.7	15.2	10.1	9.9	-2.3
Eggs & Prod.	4.9	5.5	4.4	2.7	2.8	3.8
Fresh Fruit	10.8	12.2	10.6	9.8	5.1	-47.8
Fresh Veg.	0.4	0.2	0.3	0.3	0.3	-1.1
Processed Fruits	17.7	20.5	18.0	10.1	9.7	-3.7
Fruit & Veg. Juices	8.8	12.5	4.9	4.3	5.7	35.0
Processed Veg.	6.4	7.3	7.5	4.4	4.1	-6.3
Tree Nuts	78.5	93.7	78.8	41.4	51.4	24.0
Chocolate & Cocoa Prod.	2.0	3.3	4.6	3.6	3.0	-17.1
Wine & Beer	2.5	2.0	2.7	2.3	1.4	-37.3
Non-Alcoholic Bev (ex. juices)	2.0	1.7	3.9	2.2	3.1	43.3
Snack Foods NESOI	12.3	12.5	17.7	11.3	12.6	11.6
Pet Foods	10.8	12.1	15.3	9.6	11.7	22.2
Breakfast Cereals	5.4	6.3	7.1	4.3	5.2	21.2
Condiments & Sauces	12.3	14.4	14.4	9.1	10.3	13.0
Prepared Food	25.5	30.5	26.9	19.1	16.3	-14.7
Other Consumer Oriented	1.4	0.4	0.1	0.1	0.2	128.0
AG Related: Distilled Spirits	3.8	4.5	4.7	3.4	3.0	-12.2
AG Related: Ethanol non-Bev	0.5	3.4	2.7	1.8	0.4	-77.9
AG Related: Biodiesel B100	0.0	0.0	0.6	0.0	0.0	---
Forest Prod	21.2	21.8	19.3	14.5	16.9	16.5
Fish Prod.	9.7	8.2	6.5	2.4	2.8	19.7
AG Prod.	646.2	874.8	628.1	375.1	398.1	6.1
AG & Related Products	681.5	912.7	661.9	397.2	421.3	6.1

Note: BICO trade data is reported in FOB values.

Source: BICO Trade Data.

U.S. Food and Agricultural Products' Trade Position in Israel

Coarse grains, oilseeds, dried nuts, dried and fresh fruits, and prepared food products account for the bulk of U.S. food and agricultural exports to Israel; milling wheat, soybeans, and feed grains enter Israel duty-free. Tariff rate quotas (TRQ) and high import levies on U.S. products such as almonds (shelled and unshelled), raisins, and prunes limit imports. U.S.-origin shelled walnuts and pistachios do, however, enjoy duty-free access.

Israel continues to ban the import of U.S. beef, and products due to *bovine spongiform encephalopathy* (BSE) concerns, remaining health certificate text differences and Kosher Law restrictions. However, new Israeli BSE regulations and health certificate requirements for beef are about to be finalized which will allow for U.S. exports to begin. Post estimates the market potential for U.S. beef and beef products at as much as \$150 million.

Over the last several years, Israel has progressively lifted BSE restrictions for bovine genetics and live cattle. Unfortunately, the absence of a bilateral agreement on the live cattle trade's technical requirements precludes shipments at this point despite strong local interest for U.S.-origin cattle for fattening. FAS Tel Aviv estimates the Israeli market potential for U.S. cattle (tariff exempt) imports at about \$30-\$40 million.

Table 3: Israel, Commodity Import Values, U.S. and World Compared (\$ millions)

HS Chapter	Product Category Description	2011 U.S.	2011 World	2012 U.S.	2012 World
1	Live animals	2.1	128.3	1.4	126.4
2	Meat and edible meat offal	5.6	482.7	0.8	449.6
3	Fish, crustaceans and mollusks	5.5	294.2	3.4	267.1
4	Dairy produce; eggs, natural honey; edible products of animal origin	32.8	72.5	19.4	86.0
5	Products of animal origin NEC	0.49	12.2	0.3	9.7
6	Live trees and other plants, bulbs, roots and other garden plants	0.10	14.7	0.1	12.9
7	Edible vegetables, roots and tubers	5.4	91.4	4.4	82.6
8	Edible fruits and nuts; peel of melons and other citrus fruit	118.3	190.5	113.0	199.8
9	Coffee, tea, mate and spices	2.0	143.6	2.5	153.8
10	Cereals	219.4	1,053.7	80.4	1,098.4
11	Products of milling industry; malt and starches; wheat gluten	29.6	140.5	19.0	72.3
12	Oil seeds, grains, fruits, industrial and medical plants. Straw and feed	148.2	400.5	160.4	403.3
13	Tree gum; resins, other vegetable saps and extracts	3.4	29.1	2.0	35.2
14	Vegetable plaiting materials; vegetable products NEC	0.02	2.8	0.07	3.0
15	Animal or vegetable fats and oils; animal or vegetable waxes	4.4	185.8	8.9	205.3
16	Preparation of meat, fish, or of other aquatic invertebrates	6.2	85.3	5.4	109.5
17	Sugar and sugar confectionery	5.7	388.0	5.1	358.8
18	Cocoa and cocoa preparations	1.1	167.2	2.9	158.7
19	Preparations of cereals, flour starch or milk; pastry products	14.4	213.2	14.8	218.8
20	Preparations of vegetable, fruits, nuts and other plants	38.3	253.4	23.3	211.2
21	Miscellaneous edible preparations	56.7	333.0	45.6	289.2
22	Alcoholic beverages and vinegar	10.2	198.1	11.0	182.9
23	Residues and waste from the food industries; prepared animal feed	49.4	305.0	68.6	369.6
24	Tobacco and tobacco substitutes	0.51	204.1	498	204.8
TOTAL		761.0	5,390.0	594.0	5,309
Market Share Total		14.1 %	85.9%	10.3%	89.7%

NOTE: For additional Israeli import data by HS codes, see Central Bureau of Statistics [2012 import data](#).

Source: Central Bureau of Statistics.

Israel's Trade Agreements

Prior to its World Trade Organization (WTO) accession in 1995, Israel signed its first free trade area agreement (FTAA) with the European Community in 1975. All new EU member states are included in the agreement. Over the years, Israel has signed free trade agreements (FTA) with the United States, Turkey, Jordan, Mexico, Canada, MERCOSUR (increasingly posing a challenge to U.S.-origin products), the European Free Trade Association (under revision), as well as with the Palestinian Authority. Free trade agreement negotiations with India and Colombia and others are progressing.

U.S. food and agricultural product exporters already benefit from the U.S.-Israel Agreement on Trade in Agricultural Products (ATAP). U.S.-origin products nonetheless stand to further benefit once the current agreement's renegotiation concludes. We believe that the renegotiated ATAP will increase U.S. product competitiveness in Israel. Both parties agree to extend the current ATAP and complete negotiations by the end of 2014.

Table 4: Advantage and Challenges for U.S. Suppliers

Advantages	Challenges
U.S. food product suppliers benefit from a number of ATAP quotas and reduced duties for a number of products.	Most ATAP quotas are for products for which the United States has no competitive advantage or for which Israel has no import needs. The average U.S. quota fill use is only 36 percent. Israel does not issue TRQs on products for which the United States has TRQs since these lack PRAs for these products (i.e., fresh cherries, table grapes, and blueberries). Israel remains unwilling to phase-out tariffs completely.
U.S. kosher food product suppliers benefit from Israeli consumers familiarity with U.S. products.	Kosher requirements are increasingly strict, and consumers are demanding high-level kosher certification for their food products.
U.S. food product suppliers benefit from improving Israeli economic growth which stimulates consumer demand for imported food.	The EU is Israel's main trading partner. Free trade arrangements with the EU are increasingly favoring imports from Europe.
Most Israeli consumers recognize the high quality of U.S. beef and beef products.	Due to the lingering BSE and Kosher issues, it's not allowed to import any beef products from the U.S. currently. Imported frozen beef originates in more price competitive South American origins.
U.S. grain and oilseeds are widely recognized for their quality. The United States is seen as a reliable bulk commodity supplier.	The MERCOSUR FTA makes South American grains and oilseeds more competitive. Israel favors Ukrainian and Russian imports due to proximity and greater affordability.
The HRI and food processing industries are familiar with quality U.S. food products.	The HRI sector generally sources from nearby countries; it only purchases kosher product.
U.S. food product suppliers benefit from the Israeli Knesset Economic Committee (August 2013) approval of the standardization reform bill. The Israeli Standards Institute is to now recognize "international standards" such as those of the United States and EU.	Israel is increasingly adopting EU standards, which are not international standards, in lieu of OIE standards.

The ATAP regime provides U.S. food and agricultural products access to the Israeli market under one of three different categories: 1) unlimited duty-free access; 2) duty-free TRQs; or 3) preferential tariffs set at least 10 percent below Israel's Most Favored Nation (MFN) rates.

Approximately 90 percent of current U.S. food and agricultural product exports (by value) enter Israel duty- and quota-free due to Israel's implementation of its WTO, ATAP, and U.S.-Israel Free Trade Agreement (FTA) commitments. However, the remaining U.S. food and agricultural product tariff lines (mostly value-added consumer products) face a complicated TRQ system and high tariffs for imports above the quota. Notably, we find that there is a lack of quota fill-rate and license allocation data.

While the majority of food and agricultural products enter Israel duty-free, or with relatively low tariffs, many products (i.e., cheese, fruits, vegetables, fish, beef, and dairy goods) are subject to exceedingly high import duties. Protectionist duties contribute directly to raising local food prices. The average tariff on imported food and agricultural products is about 24 percent; with the average tariff on non-agricultural products averaging 4 percent. Illustrative of such protectionist measures is the 12%+NIS15/kg duty Israel levies on fresh beef imports.

SECTION II: EXPORTER BUSINESS TIPS

Marketing and Sales

Potential U.S. food and agricultural product exporters should focus on establishing their business relationship with a reliable and efficient importer and distributor. FAS Tel Aviv recommends that U.S. exporters identify the appropriate Israeli distribution and sales channels that best meet their products' needs. Confidence between the U.S. exporter and the Israeli importer/ distributor is strengthened through reciprocal visits.

U.S. exporters interested in supplying large Israeli food retail chains (e.g., Shufersal and Blue Square) should note that these have their own purchasing/import divisions that handle imports. Major Israeli supermarket chains are importing directly from foreign suppliers in order to reduce costs. FAS Tel Aviv recommends that exporters contact the supermarket's purchasing/import division early on, especially for new- to- market food products. FAS Tel Aviv provides contact lists for major supermarkets and food importers upon request. Factors to consider when selling to Israel include: buyers' price sensitivity, product requirements, purchasing policies, and expected volumes.

Popular marketing practices in Israel include:

- Direct marketing (phone/video calls, emails, meetings)
- Direct marketing through mail order booklets
- Telephone marketing is increasingly common, but with mixed results
- The internet is widely used in Israel, and an increasing direct marketing avenue

For first-time U.S. exporters to the Israeli market, it is important to note the distinct cultural differences between both countries; differences may require modifying company marketing, advertising, and sales strategies. While most U.S. marketing, advertising, and sales strategies are often effective in Israel, U.S. companies are advised to not assume that selling in Israel is the same as selling in the U.S. market. Exporters should research the implications of promotional activities prior to product launch in Israel.

Local Business Practices and Customs

Israelis mostly subscribe to U.S. and other western business practices and protocols. The Israeli

business sector tends to be less formal, reserving business suits for high-level business executive and government meetings.

Appointments can be made on fairly short notice; however, reconfirming appointments is advised given that most Israelis tend to have busy schedules. Israelis arrive well prepared for meetings and are very direct. For most meetings, it is recommendable to provide the Israeli host with an advance copy of the meeting's agenda, outlining one's objectives. Always provide a business card at the onset of the meeting, and ask for one in return if not immediately offered.

English is widely spoken within the Israeli business community and by most government officials. Knowledge however of a few Hebrew words, especially introductory phrases and greetings can be extremely useful. Hebrew and Arabic are the country's two official languages; the use of English and Russian is also prevalent. Signs in public places are often in Hebrew, Arabic, and English.

Israel's work week is Sunday to Thursday, from 8:00 a.m. to 5:00 p.m. Some business people may occasionally be willing to meet on Friday mornings. There is no public transportation on the Jewish Sabbath (Friday sundown to Saturday sundown), as well as on some holidays. Most religious (Jewish) holidays in Israel fall in April and September.

General Consumer Tastes and Preferences

Over the course of the past decade, Israeli consumers have shifted their purchasing habits. Today's consumers purchase 58 percent of their food and agricultural product needs at supermarkets. This is in contrast to the norm 10 years ago when most food purchases were being made at open air markets and small grocery stores. Today open air markets and grocery stores only account for 5 and 16 percent respectively of purchases.

The 2011 consumer protests over high living costs forced local food companies and supermarket chains to cut prices (see, [GAIN Israel – Reduced Import Duties on Certain Food Products](#)). This has led to significant price competition.

In recent years, local consumers have come to identify private label with lower prices. Moreover, private label products are widely seen as being quality products. Private label product sales are on an upward trend, accounting for 10 percent of food products sales. Kosher food products offer the greatest potential for U.S. exporters, as most of the retail food chains and the HRI sector buy only kosher food products (see, [GAIN Israel – Exporter Guide 2012](#) and [GAIN Israel – Food Service Industry in Israel](#)).

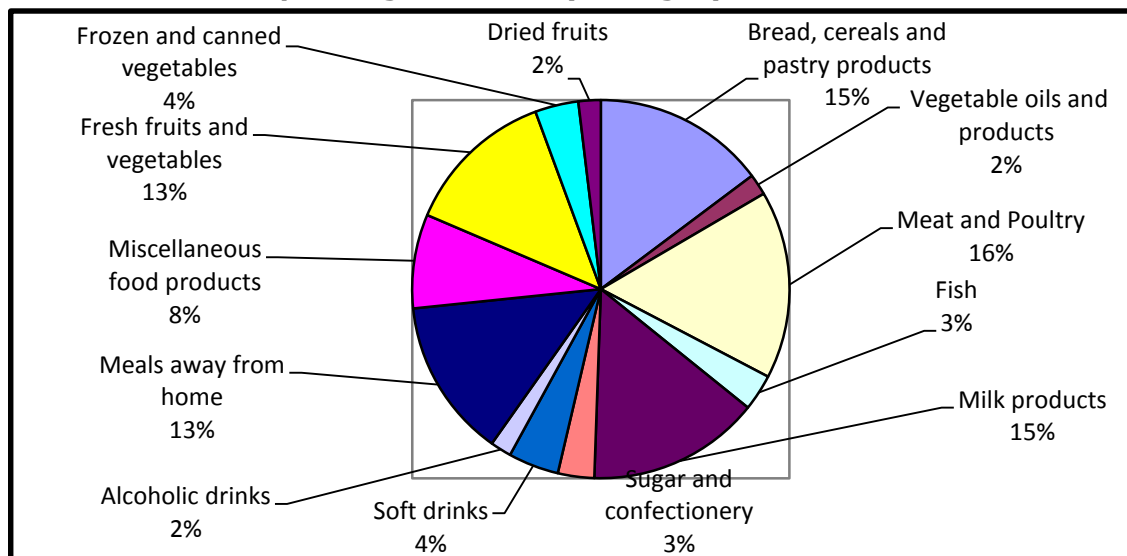
Table 5: Israel, Household Food Purchase by Outlet Type – Percent of Total Expenditure (Excl. Meals Away From Home), 2011

	Grocery Stores	Open Markets	Supermarket Chains	Others
Food - Total	16.3	4.8	58.2	20.7

Bread, Cereals and Pastry Products	19.5	1.5	58.9	20.1
Meat, Poultry and Fish	8.9	2.6	48.9	39.6
Soft Drinks	25.0	1.1	64.4	9.5
Fresh Fruits and Vegetables	5.8	20.1	46.3	27.8
Dried Fruit	16.8	13.3	55.1	14.8

Source: Household Expenditure Survey, 2011, Central Bureau of Statistics.

Chart 2: Israelis Spending on Food, by Category, 2011



Source: Household Expenditure Survey, 2011, Central Bureau of Statistics.

According to the 2012 Household Expenditure Survey, Israel's annual average household consumption expenditure in 2012 totaled \$48,240 (\$4,020 per month), up 2.2 percent from 2011. Roughly 16 percent, or an amount equal to \$7,767, is allocated towards food purchases (including fruit and vegetables).

Kosher Certification

Israel's *Kashrut* law restrictions follow BSE concerns as the second main impediment to U.S. beef imports. Since December 1994, Israel has banned the import of non-kosher beef and beef products. Israel does however permit the domestic production and marketing of non-kosher domestic beef and pork. This twenty- year policy is not WTO-defensible. The Chief Rabbinate of Israel retains exclusive jurisdiction over the *Kashrut* law and kosher certification (including the recognition of kosher certifying bodies outside of Israel). These kosher certifications are costly and unnecessarily drive up retail beef prices.

FAS Tel Aviv estimates that 95 percent of all meat products consumed in Israel are kosher. With the exception of beef, poultry (including turkeys), and mutton and products thereof, there is no legal requirement that imported food and agricultural products be kosher. However, non-kosher products struggle to make inroads into the local market since Israel's large supermarket chains and hotels normally opt not to carry such items.

Import Tariff Protection

Over the years, the OECD has found that Israeli consumers are paying higher than global average prices for food and agricultural products. Israeli farmers and ranchers still continue to benefit from

a number of official trade protectionist measures, which needlessly drive up local food prices. In this sense, many of the 2010 OECD Review of Agricultural Policies conclusions apply: Israel report conclusions still hold; In sum, although government supports have fallen over time, not all market distorting policies have been removed.

FAS Tel Aviv finds that Israel's tariff profile for some agricultural products (i.e., dairy, meat, eggs, and some fruits and vegetables) continues to remain often prohibitively high. Indicative of the uneven nature of Israel's tariff profile are the low tariffs, even sometimes duty-free status for certain coarse grains and oilseeds.

Table 6: Israel, Select Import Tariff Rates, 2013

Import Tariff	Products	Percent Total Imports
Exempt	Fish, calves for fattening, frozen beef, vegetable oils, pasta, cocoa, sugar, couscous, spices, cereals, coffee, tea, concentrated juices to the juice industry, seeds, dried fruits.	35%
Below %20	Fish, <i>foie gras</i> , flowers, frozen vegetables, nuts, fresh fruit types, processed fruits and nuts, spices, cereals, flour, potatoes, dried vegetables.	44%
20%-40%	Cheese substitutes, processed vegetables, fish, most kinds of fresh fruit and vegetables, tuna, juices.	11%
40%-60%	Lamb meat, processed meat (sausages), cheeses, fresh fruit and veg, olive oil, processed vegetables, juices.	4%
60%-80%	Fresh fruits and vegetables, cheese.	2%
80%-100%	Garlic, honey, fish varieties found in Israel, fresh fruit and veg.	1%
100%+	Dairy products (e.g., butter), fresh beef, live goats.	3%

Source: The Kedmi Committee Report.

Israel's import tariff classification is based on the Harmonized System (HS) Code. Israel's Customs and Purchase Tax Tariff is the main instrument used for the classification of imported goods. The correct classification is critical for determining tax rates, as well as obtaining various authorizations, permits and licenses, and for meeting all other conditions necessary for the import of goods. FAS Tel Aviv recommends consulting with a professional customs broker for the classification of goods.

Almost all goods are imported through Israel's two Mediterranean ports; Haifa in the north and Ashdod in the south. Food and agricultural products also enter the country through Ben Gurion International Airport. These ports have good transportation links to the rest of the Israel.

Import Licenses and Documentation

All imported food and agricultural products are subject to Israeli import licensing requirements and must meet Israeli standards. For products that benefit from TRQs, the Ministry of Agriculture and Rural Development (MoAG) and or the Ministry of Economy (MoE) will issue TRQ-specific import licenses, eliminating or reducing duties. All imported food and agricultural products require an import license and or a sanitary/ phyto-sanitary certificate for public health reasons. Import licenses are issued by the Israel Veterinary and Animal Health Services (IVAHS), the Plant Protection and Inspection Services (PPIS), and the Food Control Service (FCS). Other import requirements include: laboratory testing; free sale/ good manufacturing practices (GMP) certificates; and hazard analysis and critical control points (HACCP) certification. To enjoy FTA and

ATAP treatment, U.S.-origin products must be accompanied by documentation that attests to the product (s) originating in the United States.

Customs Procedures: Valuation and the VAT

1. **Customs Valuation and Taxes:** Israel has implemented the WTO Customs Valuation Agreement. Under WTO regulations, the basis for valuation is the transaction value, in most cases the cost, insurance, and freight (CIF) price. Israel's tariff classification is based on the Harmonized System (HS) Code. Israel's Customs and Purchase Tax Tariff is the main instrument used for the classification of imported goods. The correct classification of goods is the key to determining correct duty rates. It is also utilized for obtaining authorizations, permits, licenses, and meeting all other conditions for the import of goods.
2. **Value Added Tax:** Israel increased its VAT rate on September 1, 2012, from 16 percent to 17 percent. The VAT is imposed on all products and services, with the exception of fresh vegetables and fruits.

Food Standards and Regulations

Refer to [GAIN Israel - FAIRS Country Report \(2012\)](#). This report is currently being updated for release in late 2013.

Sanitary and Phyto-Sanitary and Regulatory Systems

Four agencies are involved in Israel's food, livestock, and plant safety supervision. These include: 1) the FCS, which is part of the Ministry of Health (MoH); 2) the Standards Institution of Israel (SII); 3) IVAHS; and 4) the PPIS, which is part of the MOAG. The Food Control Service handles imported food licensing, it is notorious for the onerous requirements it places on high-value food product imports. Depending on the product, the Ministry of Trade (MoT) and the MoAG share responsibility for managing quota allocations under the U.S.-Israel FTA.

Israel's stringent beef and poultry kosher requirement (there is no SPS import ban on poultry products), is the major barrier that prevents U.S. poultry products from entering Israel. U.S. live cattle imports also continue to face significant entry barriers.

At the same time PPIS has also been slow in conducting pest-risk-assessments (PRA) on U.S.-origin products. The Standards Institution of Israel is the agency responsible for the development of most product standards, compliance testing, product certification, and industry's quality assurance systems. The Food Control Service enforces food and food labeling standards. Although Israel is receptive to international standards, it is increasingly turning to EU standards that often vary and conflict with U.S. standards.

Israel requires that food and health products be registered with the MoH before they can be sold. U.S. Food and Drug Administration (FDA) approval for food and health care products is not mandatory, but Israeli importers prefer FDA approval as it helps accelerate the product registration process and import license approvals. Product registration normally takes from 4-6 weeks if all documentation is in order.

Israeli consumer protests in 2011 against high living costs, including basic foodstuffs, spurred the formation of the inter-departmental Kedmi Committee. The committee published several recommendations on regulation and competition within the Israeli food market. One of the committee's key recommendations has been to ease import requirements. Subsequently the MoH has notified its intent to modify its food import licensing procedures. The food import licensing

process acts as a trade barrier, unnecessarily increasing food prices in Israel.

Recommendations for U.S. Food and Agricultural Product Exporters

Exporters that adhere to following recommendations will stand a better chance of success in the Israeli imported agricultural and food products market:

1. A U.S. Certificate of Free Sale, obtained from the FDA, facilitates MoH import licensing procedures.
2. Given that Israel is adopting EU standards, U.S. exporters already familiar with the EU import requirements will have a better likelihood of success in gaining entry to the Israeli market.
3. Products certified as being manufactured under Good Manufacturing Practices (GMP) or HACCP will have greater ease of access to the Israeli market.
4. Listing on the FDA's list of registered facilities is viewed favorably by Israel's import licensing authority. It provides confirmation that the exporting manufacturer's facility has been inspected by the FDA and or USDA.
5. Products must have a minimum shelf life of 6 months.
6. Only facilities exceeding a minimal production capacity and export experience should consider exporting to Israel.
7. Kosher certification is an advantage in the local market.
8. Communicate with potential importers. Contact FAS Tel Aviv to obtain a list of local importers; Tel: 972-3-519-7588/7324/7686; Fax: 972-3-510-2565; E-mail: gilad.shachar@usda.gov; yossi.barak@usda.gov

SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

The Israeli Food Association reports that Israel's food and beverages market was valued at \$9.1 billion in 2012, up 1.7 percent compared to 2011 levels. FAS Tel Aviv estimates that the food and beverage market will grow by 1.5 percent in 2013.

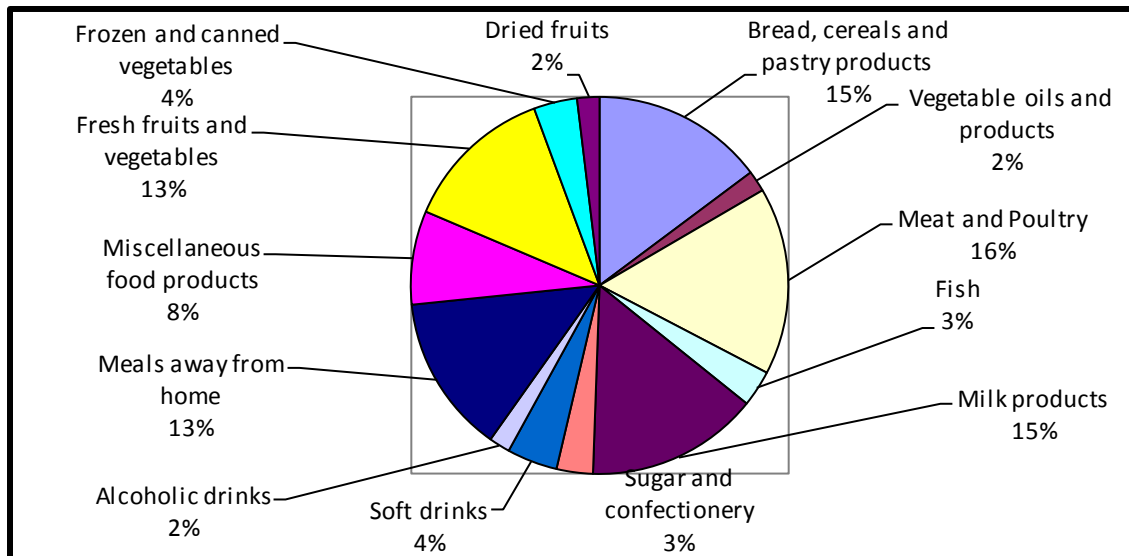
Food Processing Industry

The Israeli food processing industry includes a number of technologically sophisticated companies. Many of these have joined forces with international companies to improve access to raw materials and overseas markets. Many also operate in foreign markets on their own.

Multi-national food manufacturers like Nestle, Unilever, Danone, and Pepsi partner with well-known Israeli food companies such as Osem and Strauss. These partnerships capitalize on the size and sophistication of the Israeli market. They utilize the local market and its manufacturing practices for gauging the commercial viability of new product and health developments.

The local food processing industry is dominated by four groups (Tnuva, Osem-Nestle, Unilever, and Straus). This has contributed to reducing competition and increased consumer food prices (see, [GAIN Israel – Reduced Import Duties on Certain Food Products](#)).

Chart 3: Food Processing Industry Value, by Sub-Sectors, Percent, CY 2012



Source: The Food Industries Association, The Manufacturers' Association of Israel, Post estimates.

Israeli Market Trends

Israel's food culture is as diverse as its inhabitants. The country is a "melting pot" of different culinary traditions. The diversity of food tastes range from Eastern European to North African traditional Jewish cooking; additionally there are strong Arab and Mediterranean influences. Israelis are increasingly demanding high-quality beef and seafood products when dining out. This has spurred the opening of more high-quality beef and seafood restaurants.

Israeli consumers are increasingly health-conscious and better aware of the need to eat a more balanced diet. However, many people still struggle finding the right balance between health and indulgence, unwilling to compromise on taste. Many local manufacturers are pitching the notion of balanced health and indulgence in their marketing campaigns.

Supermarkets are cutting into specialty stores' profits by making room on store shelves for gluten-free rolls, heirloom legumes, organic products and whole wheat pastas. Similarly cafes are increasingly offering low-calorie options in addition to vegetarian and vegan dishes. In this more health conscious society, meat substitutes are taking off generating sales of NIS 254 million (\$71 million).

Kosher food products continue to retain the biggest potential in the Israeli market for the foreseeable future. However, one of the areas where inroads can be made is with private labeling. Adoption of private labels is increasing as consumers demand lower retail prices with guarantees of product quality.

Marketing Channels in Israel

In 2012, retail food and beverages sales by value increased by 1.5 percent compared to 2011. The slower pace is mainly due to price competition between the retail supermarket chains.

Today Israeli retail supermarket chains are confronting: 1) a continued slowdown in their profits due to the 2011 social protests in which consumers demanded food prices decrease so that supermarkets had to slash some prices of food ; 2) the increase in international commodity prices, and; 3) the impact of the VAT increase on consumer spending. We estimate that 2013

retail food and beverages sales value will increase by about 2.5 percent compared to 2012.

Shufersal has 274 stores and totaled about \$3.2 billion in turnover in 2012 making it Israel's leading retail supermarket chain. Alon Holding-Blue Square followed with \$1.9 billion turnover in 2012 and 212 stores. These two chains dominate food retailing, accounting for 55 percent of the market.

About 90 percent of the retail channel buys only kosher food products. Large supermarket retail chains import, as well as purchase from importers and wholesalers. Smaller retailers depend more on importers and wholesalers.

Hotel Restaurant Institutional

Israel's \$13 billion Hotel, Restaurant and Institutional (HRI) sector is projected to grow by 5 percent through 2014. Tourism and restaurants are the main growth drivers. Despite regional political instability, 2012 marked Israel's third straight year of rising tourist numbers. Israel is aggressively marketing itself as a tourist destination; it aims to receive 5 million visitors by 2015. Food service sales in 2012 benefitted from tourism; sales growth was however held to 1 percent due to renewed economic slowdown.

Consumers are demanding healthier food products. The HRI sector purchases mainly kosher food products. The \$1.2 billion fast food market has doubled its sales during the past seven years. Ten coffee shop chains dominate the \$510 million Israeli coffee shop market; the market is projected to grow by 5 percent through 2014.

The Israeli food service sector is highly complex and diverse. Setting local culinary trends is Tel Aviv, Israel's food and cultural hub. The city benefits from a young urban crowd, with 25-29 year-olds representing 12.5 percent of the Tel Aviv population, with 30-34 year-olds comprising 11 percent of the city's population.

The food service sector is divided into two categories: commercial and institutional. The commercial sector is further divided into two main sub-sectors: hotels and restaurants. This sector includes 334 hotels (47,252 rooms). There are also some 1,200 rural tourism lodgings. Post estimates that there are about 15,000 commercial food businesses in Israel.

Commercial food businesses include restaurants, coffee shops, fast food, pubs, and kiosks. Sources indicate roughly 4,800, or 32 percent are kosher certified. Many of the non-kosher certified restaurants nevertheless utilize only kosher ingredients. There are about 700 banquet halls. Sources report that popular food service businesses include coffee shops (1,500), pubs and bars, steak houses, Asian- and Mediterranean-style restaurants.

FAS Tel Aviv estimates that institutional food sales reach an estimated \$1.8 billion per annum, with the Israeli Defense Forces (IDF) being the single largest institutional food consumer. It is estimated that in Israel about one million meals per day are produced for the institutional sector, of which the Israeli Police and Prison Services consume about 55,000 meals per day.

Despite November's 2012 military operation in Gaza, the continued economic recession in Europe, subdued growth in the United States, and instability in the Middle East, 2012 marked the third straight year of rising tourism to Israel. The Israeli Ministry of Tourism (MOT) reports that 3.5 million tourists visited Israel in 2012, a 4 percent increase compared to 2011. About 58 percent of 2012 incoming tourists were Christian pilgrims and nearly two-thirds (62 percent of the tourists) were first-time visitors.

Health and wellness tourism attained significant growth of 9% in 2012, reaching value sales of

\$1.1 billion thanks to a growing awareness of the local audience and stable demand from inbound tourists, with emphasis on the Dead Sea area.

Hotel Restaurant Institutional – Entry Strategy

FAS Tel Aviv suggests that U.S. exporters establish business relationships with reliable importers, agents, distributors and or with the actual HRI customer.

Visits by U.S. exporters, manufactures, and or investors to explore opportunities firsthand, and to meet with Israeli importers and investors strengthens confidence with local partners. Visiting local HRI shows and exhibiting at the main food shows in Europe (i.e., ANUGA, SIAL), which many Israeli firms attend, is a quick means of obtaining an overview of the sector.

Large HRI firms have their own purchasing or importing division to handle food imports directly. Suppliers from the United States should initially contact the purchasing or importing divisions of these large hotel and restaurants chains.

The majority of consumer food service outlets are operated through franchisees. Increasingly, local players are opting for the franchise model to expand firm presence, profits, and bargaining power. Franchising is widely used in the Israeli consumer food service by both foreign and local players. For example, Shefa Franchisers has been highly successful with its Aroma Espresso Bar franchise. There are 106 Aroma Espresso Bar outlets nationwide, surpassing McDonald's in 2010 as the leading food service provider by sales volume.

The majority of franchisees of major international brands are corporate entities that often run other name brand outlets. The majority of franchisees of local Israeli brands tend to be smaller individual franchise holders. Foreign consumer food service operators normally enter the Israeli market through franchise agreements. Major global brand owners such as Yum! Brands Inc., Domino's Pizza Inc., McDonald's Corp., Burger King Holdings Inc., and Sbarro Inc., operate in Israel through local franchisees.

Israel does not have specific regulations applicable exclusively to foreign companies. Nevertheless there are important cultural and religious factors which foreign firms must consider, including kosher and Sabbath regulations. Sources indicate that Starbucks and Dunkin Donuts have met with limited success in Israel due to differences in consumer tastes and pricing issues. Locale ambiance is extremely important. An establishment's management and product variety must be tailored to blend in with the local environment and consumers' preferences.

Venues and Consumer Trends

The food service industry is expanding as consumer habits are changing. Israelis are increasingly opting to dine out more frequently, often choosing premium food products. Approximately 20 percent of Israel's population is clustered in Tel Aviv, Israel's commercial and financial hub. Other major urban concentrations include the Haifa area (15 percent), a major port city and center for the petrochemical industry, and Jerusalem (12 percent). Most companies are headquartered in the Tel Aviv or Haifa metropolitan areas. Nonetheless a growing number of firms maintain branches, showrooms, or service facilities in Jerusalem and Beer Sheva.

Israel does not have specific regulations applicable exclusively to foreign companies. Nevertheless there are important cultural and religious factors which foreign firms must consider, including kosher and Sabbath regulations. Sources indicate that Starbucks and Dunkin Donuts have met with limited success in Israel due to differences in consumer tastes and pricing issues. Locale ambiance is extremely important. An establishment's management and product variety must be

tailored to blend in with the local environment and consumers' preferences.

Consumer malls and shopping centers are popular in Israel. Over 200 malls exist and others are planned. American specialty shops, chain stores, and franchises have outlets in malls and shopping centers. When marketing to these venues, the key to success is offering a variety of new products that meet Israeli taste preferences.

The institutional services, including the military, hospitals, hotels, restaurants, banquet halls and places of employment, account for 30 percent of the total market share (households and institutional). Over 50 percent of the total food supply directed at non-institutional consumers is sold through supermarkets and retail chains.

Shufersal Ltd., (Super-Sal) and Alon Holding-Blue Square Ltd., are the two largest retail supermarket chains with hundreds of outlets throughout the country. Israel's other major supermarket retail chains include Rami Levy Hashikma, Hatzhi Hinam, and Tiv Ta'am (Israel's largest retail producer and seller of pork and non-kosher products).

The average floor size of a supermarket is 600 square meters. Some of the larger stores have areas of 1,000 - 2,000 square meters. Typical Middle Eastern-style open-air markets and small groceries serve the remainder of the food market. In recent years, specialty food stores have developed in all of the major metropolitan centers.

SECTION IV: BEST CONSUMER-ORIENTED PRODUCT PROSPECTS

Table 7: Best Consumer-Oriented Prospects

Product Category	2012 Market Size	2012 Israel Imports	5-YR Avg.	Import Tariff	Key Constraints Facing Market Development	Market Attractiveness
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	(Volume)	from the World (\$ millions)	Annual Import Growth	Rate		for U.S. Suppliers
Pistachios	\$25 Mil	\$25 Mil	Growth of 3 percent per annum.	U.S. product faces no import duties. Turkey has a 100 ton TRQ, and above that faces a 23 percent duty of not less than NIS 3.65/kg.	Competition mainly from Turkey.	Demand for U.S.-pistachios is strong due to Turkish imports facing high import levies. U.S. pistachio enters duty free.
Beer	\$150 Mil	\$31 Mil	Imports have varied.	If beer is below 2% alcohol- it's exempt from import tax. If alcohol is between 2%-3.8% and is sold in a reusable bottle of at least 450 ml volume, at least, than is exempt from purchase tax. All other beers are subject to NIS4.25/lit import tax.	Competition mainly from the local beer sector which controls 80% of the market. In addition competition from Belgium & Germany imports.	Israelis are keen to have premium beers. Consumption per capita is relatively low compared to developed countries and stands at only 14 liters/capita.
Ice Cream	\$416 Mil.	\$5 Mil.	Average \$5.4 million per annum.	The U.S. is granted a duty-free TRQ of 113 tons. Above the quota tariff it's not less than NIS0.55/kg ~\$0.14/kg.	Imports from the EU, Russia, and Ukraine benefit from proximity.	In 2012, the US share was 4.5 percent of total ice cream import value, compared to a 10 percent in 2010.
Wine	\$83 Mil.	\$25 Mil	Imports have varied.	The U.S. and the EU enjoy TRQs of 200,000 and 430,000 liters, respectively.	Imports from France, Italy, South America, and the United States meet 30 percent of the market's needs.	This market is likely to become more dynamic as consumers prefer local and EU wines.
Frozen Fish Fillets	\$250 Mil	\$154 Mil	Growth of 3 percent per annum.	0 percent to NIS 15 /kg depending on product.	Importers prefer South America, African, and Asian imports.	The United States enjoys an 85ton TRQ for frozen carp fillet.
Fresh Apples	Production below average in 2014, of ca. 110,000 tons. Israel imported 3,100 tons apples in 2013 (about 2,400 were from the U.S.), compared to nearly 14,000 tons in 2012.	\$17 Mil	Growth of 5 percent per annum.	The United States, the EU and the MERCOSUR have TRQs of 4,000 ,3,280 and 500 tons, respectively; above it they face a MFN (NIS 2/kg). While all other origins don't enjoy a TRQ and pay the MFN (NIS 2/kg)	EU enjoys a 3,280 ton TRQ and shipping costs are lower compared to the U.S. In addition, due to the fungi disease that the Israeli Plant and Protection Services discovered in U.S. apples and pears a few months ago, Israeli importers have some concern with importing large quantities of U.S. apples.	The United States has a 4000 ton TRQ (duty free). Israeli importers like U.S.-origin apple varieties.

Butter	Butter market size is about \$54 million. About 5,900 tons of butter were sold in the Israeli market in 2011 and 2012.	About 1,300 tons of butter was imported in 2012, mainly for the industry sector. In 2012, butter imports from the U.S. were valued at \$3.6 Million, with 60% market share of all imports.	Growth of about 120 percent in the last 5 years.	The United States has a TRQ of 365 tons and the EU has a TRQ of 580 tons;	Competition is mainly from the local dairy market and imports from the EU. All imported butter must be kosher certified and its add to the cost.	Israeli importers prefer U.S. butter compared to European butter.
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NOTE: Market Size (Volume) = Imports + Domestic Production – Exports.

Source: Central Bureau of Statistics, Israel

SECTION V: POST CONTACT AND ADDITIONAL INFORMATION

USDA\FAS - Office of Agricultural Affairs, U.S. Embassy Tel Aviv

Website: www.fastelaviv.co.il • Tel: 972-3-5197588 • Fax: 972-3-5102565

E-mail: gilad.shachar@usda.gov; yossi.barak@usda.gov; levylx@state.gov;

USDA\FAS GAIN Reports

Website: <http://gain.fas.usda.gov/Pages/Default.aspx>

Ministry of Agricultural and Rural Development

Website: www.moag.gov.il/english/ • Tel: 972-3-9485436 • Fax: 972-3-9485782_

Maccabim Road, Rishon le Zion, P.O. Box 30,
50250, Bet Dagan, Israel

The Agricultural Research Center of Israel

Website: www.agri.gov.il/ • Tel: 972-3-9683226 • Fax: 972-3-9665327

Agricultural Research Organization - the Volcani Center,
P.O. Box 6, Bet-Dagan, 50250 Israel

Bank of Israel

Website: www.bankisrael.gov.il/firsteng.htm • Tel: 972-2-655-2211 • Fax: 972-2-652-8805, P.O. Box 780, 91007 Jerusalem, Israel

The Centre for International Agricultural Development Cooperation (CINADCO)

<http://www.cinadco.moag.gov.il/cinadco> • Tel: 972-33-9485760 • Fax: 972-3-9485761

Maccabim Road, Rishon le Zion, P.O. Box 30,
50250, Bet Dagan, Israel

Food Control Service - Ministry of Health

Website: www.health.gov.il/english/Pages/HomePage.aspx

Tel: 972-3-6270100 • Fax: 972-3-5619549
12 Ha'arba'a Street, 64739, Tel Aviv, Israel

Israel Veterinary and Animal Health Services (IVAHS)

Website: www.vetserveng.moag.gov.il/vetserveng

Ministry of Agriculture
P.O. Box 12, 50250, Bet Dagan, Israel

Plant Protection and Inspection Service (PPIS)

Website: www.ppiseng.moag.gov.il/ppiseng/ • Tel: 972-3-9681560 • Fax: 972-3-9681582
P.O. Box 78, 50250, Bet Dagan, Israel

Standards Institution of Israel

Website: www.sii.org.il • Tel: 972-3-6465154 • Fax: 972-3-6419683
42 H. Levanon Street, 69977, Tel Aviv, Israel

Table A: Key Trade & Demographic Information, 2012

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%)	\$5,296/11.2%
Consumer Food Imports From All Countries (\$Mil) / U.S. Market Share (%)	\$2,104/8.5%
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%)	\$268/1.3%
Total Population (Millions) / Annual Growth Rate	8.1/1.8%
Urban Population (Millions)/ Annual growth Rate (%)	7.4/1.8%
Number of Major Metropolitan Areas	3
Size of Middle Class (Millions)/ Growth Rate (%)	3.5/1.8
Per Capita Gross Domestic Product (U.S. Dollars)	\$31,296
Unemployment Rate (%), in the third quarter of 2013	6.1%
Per Capita Annual Food Expenditures (U.S. Dollars)	\$2,237
Percent of Female Population Employed	53%
Annual Average Exchange Rate for 11/2013 (\$1 = X.X local currency)	\$1 = ~NIS 3.541

Source: Central Bureau of Statistics.

Table B: Consumer Food and Edible Fishery Product Imports (Million \$)

HS Code	Product	Imports from the World			Imports from the U.S.			U.S. Share 2012
		2010	2011	2012	2010	2011	2012	
2	Meat And Edible Meat Offal	385	483	450	1	6	1	0.2%
17	Sugars And Sugar Confectionery	295	388	359	3	6	5	1.4%
21	Miscellaneous Edible Preparations	310	333	289	59	57	46	15.9%
3	Fish And Crustaceans	229	294	267	4	6	3	1.1%
19	Cereal, Flour, Starch Or Milk Preparations	190	213	219	13	14	15	6.8%
20	Vegetable, Fruit Or Nuts Preparations	194	253	211	31	38	23	10.9%
8	Edible Fruit And Nuts	166	190	200	99	118	113	56.5%
22	Beverages, Spirits And Vinegar	193	198	183	7	11	11	6.0%
18	Cocoa And Cocoa Preparations	135	167	159	1	1	3	1.9%
9	Coffee, Tea, And Spices	110	144	154	2	2	3	1.9%
16	Preparations Of Meat Or Fish	67	85	110	8	6	5	4.5%

7	Edible Vegetables	82	91	83	4	5	4	4.8%
4	Dairy Products	72	86	72	24	33	19	26.4%
Grand Total		2,427	2,927	2,754	258	303	252	9.2%

Source: GATS UNTrade Database (HS 2-digit).

Table C: Israel, Top 15 Suppliers, Consumer Foods and Edible Fishery Products (\$ millions), CY

	2010	2011	2012	Percent Change 2011 to 2012
UK	239	340	297	-12.6%
US	256	303	251	-17.2%
Argentina	145	192	177	-7.8%
Uruguay	50	107	158	47.7%
China	96	140	139	-0.7%
Italy	101	124	138	11.3%
Netherlands	132	132	129	-2.3%
Germany	82	96	90	-6.3%
Norway	69	95	86	-9.5%
Turkey	77	78	83	6.4%
Brazil	163	100	82	-18.0%
Poland	72	83	66	-20.5%
Ireland	83	91	66	-27.5%
Spain	42	56	53	-5.4%
Vietnam	50	53	52	-1.9%
Total from the top 15 suppliers	1,657	1,990	1,867	-6.2%

Source: GATS UNTrade Database. 